

BERNSTEIN EMERGING MARKETS VALUE EMERGING MARKETS EQUITY: MSCI EM BENCHMARK

FOR THE MONTH OF: AUGUST 2006

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Bernstein EMV	2.05%	1.90%	25.81%		
MSCI EMF	2.55%	3.76%	30.58%		

COUNTRY ALLOCATION COMPARISON

<u>Over-weight</u>	<u>Bernstein</u>	<u>EMF</u>	<u>Under-weight</u>	<u>Bernstein</u>	<u>EMF</u>
Brazil	15.74%	10.68%	Russia	2.14%	9.08%
Thailand	5.40%	1.62%	Malaysia	0.16%	2.73%
Korea	20.22%	17.68%	Poland	0.00%	1.74%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

Market Overview Emerging markets, as measured by the MSCI Emerging Markets Index, advanced 2.6% and performed in line with developed markets, which were also up 2.6%, as measured by the MSCI World Index. Stocks gained after the US Federal Open Market Committee (FOMC) left its target on interest rates unchanged. At the country level, Morocco, India and Egypt led their country peers, while Poland and Hungary lagged. Cyclical sectors, such as technology, transportation and capital equipment rebounded during the month. On the other hand, industrial commodities shares pulled back, while lower energy prices dragged down the energy sector.

Impacts on Performance During the month, the portfolio underperformed the MSCI Emerging Markets Index, net of fees, as weakness in the portfolio's country and sector selection, particularly its exposure to Brazilian energy and commodity stocks, offset strength in its Indian financial holdings. Within Brazil, steel companies Usiminas and Gerdau moved lower due to investor concerns over increased steel capacity and price cuts in China, along with higher inventory levels in the US and Europe. Another detractor was integrated energy firm Petrobras. The stock fell as the price of crude oil settled below US\$70.00 following a benign US Gulf Coast hurricane season and easing tensions in the Middle East. Other energy stocks, such as MOL Hungarian Oil, also underperformed during the month. The portfolio's underweight in the telecommunications sector also hurt. Specifically, our avoidance of Mexico's largest mobile telecom company, America Movil, detracted as the stock outperformed along with the Mexican market in general. Towards the end of August, the federal election court rejected claims of voting irregularities, which allowed incumbent party candidate Felipe Calderon to declare victory in the presidential election that was held in early July. Mexican stocks rallied on the election resolution. Adding to performance during August were the portfolio's Indian banking stocks, which all rebounded from a weak July performance. Loan growth remains robust in spite of the three recent interest-rate hikes. Rising wages have allowed consumers to afford higher borrowing costs to finance major purchases, while many corporations have been able to incur higher interest rate borrowings, as they are operating at high levels of profitability. The portfolio benefited from its increase in technology holdings over the past quarter. Among these names, Taiwanese technology holding Siliconware Precision rebounded from declines in July. Our research indicates that these firms are now focusing on their return on invested capital and have reigned in capital spending, given recent softness in demand for technology products.

Outlook With the recent volatility, the valuation discount of emerging markets stands at 20%, based on price-to-next 12-month earnings estimates. Emerging-market companies continue to be more profitable than their developed market peers. Additionally, we find that macro-economic risks in this region are lower than when the region traded at similar valuation discounts relative to developed markets. Finally, we remain confident in the fundamentals of the stocks in our portfolio.

MANAGER STYLE SUMMARY

Bernstein a value-oriented, "bottom-up" manager, focusing on individual security selection, where country and sector allocations are an outgrowth of stock selection. As with their global product, they seek companies which are undervalued relative to their long-term earnings prospects due overreaction by the market. Although country selection is a by-product of the stock selection process, Bernstein seeks to reduce risk and enhance returns by limiting country concentration and maintaining stable country weights, as compared to the historical volatility of country weightings in the MSCI Em Index.

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PORTFOLIO GUIDELINE COMPLIANCE				AUGUST		2006
Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 8% of the account @ purchase						ok
B4. Number of issues		107		70	100	check
B5. Normal Regional Exposures (* benchmark +/- min/max):						
Latin America *	20%	20%		15%	15%	ok
Asia *	53%	55%		15%	15%	ok
EMEA *	27%	23%		15%	15%	ok
Other		2%		0%	20%	ok
Total		100%				
B6. Normal Portfolio Characteristics (MSCI EM)						
Capitalization	28,644	17,715	62%	25%	100%	ok
Price/Book Value	2.3	1.7	75%	30%	100%	ok
Price/Earnings (Next 12 mo)	12.3	9.0	73%	30%	100%	ok
Price/Cash Flow	9.0	6.0	67%	30%	100%	ok
Dividend Yield	2.5	3.4	140%	75%	200%	ok
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterparty <= 30% of total mv of account						ok
F3. Annual turnover		40%		30%	40%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

B4. Number of Issues: The number of holdings in the account appears to be high due to many securities issuing stock dividends. These appears as more than one holdgind

ORGANIZATIONAL/PERSONNEL CHANGES

Three fundamental analysts and one quantitative analyst were gained. One fundamental analysts was lost. AllianceBernstein personnel changes are tracked on a quarterly basis. Personnel gains and losses include internal transfers. Data as of 2Q06

ACCOUNT TURNOVER

Gained: Number of Accounts: 0 Total Market Value (\$m): \$ -
Lost: Number of Accounts: 0 Total Market Value (\$m): \$ -
Reason(s): Non-public information such as Accounts Gained and Lost cannot be disclosed until it is released to the public. This information will be available to PERSI on a quarterly basis.
The numbers above represent Q2 2006.